

Forget Raising Taxes — Mamdani Should Start Closing Deals

Increased commercial real estate transaction volume will raise the tax revenue the city needs

By [Lev Mavashev](#)

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Mayor Zohran Mamdani speaks about the fiscal year 2027 preliminary budget at City Hall. PHOTO: Ed Reed/Mayoral Photography Office

When politicians [start talking about raising property taxes](#) to plug a budget hole, it usually means they've run out of ideas. It's the easiest lever to pull and the most politically defensible sound bite: tax the "owners."

But if New York Mayor Zohran Mamdani is staring at a \$5 billion deficit and thinking the answer is higher annual property taxes, he's looking in the wrong direction. The smarter move — the move that actually aligns with how New York works — is to increase transaction velocity.

In this city, deal flow is revenue.



Lev Mavashev. PHOTO: Courtesy Alpha Realty

Real estate isn't just another industry here. It is the economic engine. It underpins the property tax base, fuels construction employment, supports financial services, and generates billions in transactional tax revenue. When deals are flowing, the city collects enormous windfalls from the real property transfer tax and the mortgage recording tax. When transactions stall, so does that revenue.

We've seen both sides of that coin. After the 2019 Housing Stability and Tenant Protection Act, multifamily transaction volume dropped dramatically. Pricing on rent-regulated assets in some cases fell as much as 50 percent from pre-2019 levels. Velocity dried up and capital retreated. Buyers paused underwriting until they could understand the new rules. That wasn't just painful for owners. It was painful for City Hall.

Now let's talk math.

In 2015, New York City's commercial real estate market reached its modern peak, with transaction volume hovering around — and by some measures surpassing — \$100 billion across asset classes. That wasn't just a good year for brokers and landlords. It was a windfall year for city tax collections.

That level of activity is not fantasy. It's precedent.

Assume New York returns to something close to \$100 billion in annual commercial real estate transactions — multifamily, office, retail, development sites, industrial. Start with transfer taxes. New York City's portion on commercial assets is 2.625 percent. On \$100 billion in trades, that equates to approximately \$2.625 billion in transfer tax revenue.

Now layer in financing. If those transactions close with debt, assuming 65 percent loan-to-value, that's \$65 billion in recorded mortgages. The city's portion of the mortgage recording tax on commercial property is roughly 2 percent. Apply that to \$65 billion and you generate another \$1.3 billion.

Add the two together and you're already approaching \$4 billion in direct transactional tax revenue.

And that's before factoring in capital gains taxes, income taxes on brokerage commissions and legal fees, increased property tax assessments as higher clearing prices reset valuations, and payroll taxes from transaction-driven employment. It doesn't take a stretch to see how a surge in deal volume could bridge — or come very close to bridging — a \$5 billion gap that Mayor Mamdani is looking for.

Contrast that with raising annual property taxes.

Higher recurring property taxes reduce net operating income. Lower NOI compresses values. Lower values shrink refinancing proceeds. Reduced proceeds limit liquidity. Less liquidity suppresses transactions. Suppressed transactions collapse transfer tax revenue.

It becomes a self-inflicted spiral.

If the mayor wants to close a deficit strategically, he should not be raising annual burdens. He should be engineering a confidence surge.

In 2015, we didn't hit record transaction levels because taxes were raised. We hit them because capital felt safe. Policy was predictable. Investors — domestic and foreign — believed New York was a fortress market. Money flowed because underwriting made sense and the rules of the game were stable.

Confidence drives volume. Volume drives revenue.

City Hall should be publicly committing to a pro-transaction, pro-investment environment. That means regulatory clarity. It means avoiding rhetoric that demonizes owners. It means understanding that private capital is not the enemy — it's the funding source for everything from affordable housing preservation to property tax growth.

Encouraging transactions doesn't require subsidies or giveaways. It requires stability. It requires predictability. It requires leadership that understands that liquidity is oxygen in this market. The mayor should be the biggest broker in town.

Instead of squeezing more recurring tax dollars out of the same properties, the city should focus on turning assets over, allowing the market to reprice efficiently, and stimulating refinancing and reinvestment. More trades mean more transfer tax. More financing means more mortgage recording tax. More liquidity means more reinvestment. More reinvestment strengthens long-term assessments.

That's sustainable fiscal policy.

New York has already proven it can generate \$100 billion in annual trades during a healthy cycle. Even getting close to that number would produce billions in immediate transactional revenue and create multiplier effects across the economy.

If Mayor Mamdani truly wants to govern — not just campaign — the math is clear. Don't raise the rate. Raise the volume.

What matters is simple: New York doesn't have a taxation problem. It has a

confidence problem. Restore confidence, restore velocity, and the revenue will follow.

Lev Mavashev is the founder and principal of [Alpha Realty](#), a New York brokerage focusing on multifamily.